ROSEBUD LMS INC., v. ADOBE SYSTEMS INC., Appeal No. 2015-1428 (Fed. Cir. February 9, 2016 ). Before Moore, Hughes, and Stoll. Appealed from D. Del. (Judge Robinson).

Background:

Rosebud filed three suits against Adobe, each alleging infringement of a different related patent. The first two suits involving the grandparent and parent were dismissed. In the present suit, Adobe moved for summary judgment, alleging that Rosebud was not entitled to post-issuance damages because Adobe discontinued use of the allegedly infringing technology before the patent issued, and that Rosebud was not entitled to pre-issuance damages under 35 U.S.C. §154(d) because Adobe had no actual notice of the published patent application that led to the patent.

Rosebud did not oppose the motion regarding post-issuance damages. However, Rosebud argued summary judgment was improper regarding pre-issuance damages because (1) Adobe had actual knowledge of the grandparent and parent patents related to the third patent, (2) Adobe followed Rosebud's products and emulated them, and (3) it was alleged to be standard practice in patent litigation to search for related applications, which would have uncovered the published application of the patent and issue.

The district court granted Adobe's summary judgment motion, finding that Rosebud's allegations at best allege that Adobe had constructive notice of the published application, and not actual notice. Rosebud appealed.

Issue/Holding:

Did Adobe have actual notice of Rosebud's patent application? No, affirmed.

Discussion:

In construing the term "actual notice" in 35 U.S.C. §154(d), the Federal Circuit found that "actual notice" includes not only notice provided by the patentee, but also knowledge obtained without an affirmative act of notification. Section 154(d) thus differs from 35 U.S.C. §287(a), which requires an affirmative notice of infringement for an award of post-issuance damages.

The Federal Circuit found that Adobe did not have actual notice of Rosebud's published patent application. The Court explained that knowledge of a related application does not fulfill the actual notice requirement because even though the specifications may be similar, the related application does not inform an alleged infringer of the claims of the published application. The Federal Circuit also found that Rosebud's argument that Adobe followed Rosebud's products and sought to emulate them was borderline frivolous because it was based on (1) emails that were more than two years before the publication of Rosebud's application, (2) unsolicited emails from Rosebud to Adobe employees, and (3) products produced by Microsoft. Finally, regarding Rosebud's argument that Adobe would have become aware of the published application because standard practice during litigation is to search for any related applications for the purposes of claim construction, the Federal Circuit disagreed, explaining that the previous litigations never reached the claim construction phase. Therefore, the Federal Circuit found that Adobe did not have actual notice of Rosebud's published patent application.